

CITY OF ROSEVILLE HOUSING COMMISSION

REPORT ON FINANCIAL STATEMENTS

(with supplemental information)

For the Year Ended March 31, 2005

CITY OF ROSEVILLE HOUSING COMMISSION

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ANDERSON, TACKMAN & COMPANY, P.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

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American Institute of Certified
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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
City of Roseville Housing Commission
Roseville, Michigan

We have audited the accompanying basic financial statements of the business-type activities of the City of Roseville Housing Commission, component unit of the City of Roseville, Michigan as of and for the year ended March 31, 2005 as listed in the table of contents. These basic financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the City of Roseville Housing Commission as of March 31, 2005, and the respective changes in financial position and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 8, 2005 on our consideration of the City of Roseville Housing Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters.. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

As described in Note A to the financial statements, the Commission adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Financial Statements-and Management's Discussion and Analysis-For State and Local Governments* and Governmental Accounting Standards Board Statement No. 37, an amendment of Statement No. 34. This results in a change in the format and content of the financial statements.

The Management's Discussion and Analysis on pages 5 through 8 is not a required part of the financial statements but is required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Roseville Housing Commission's basic financial statements. The Financial Data Schedule is presented for the purpose of additional analysis as required by the U.S. Department of Urban Housing and Development and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of City of Roseville Housing Commission. The Financial Data Schedule and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



ANDERSON, TACKMAN & COMPANY, PLC
Certified Public Accountants
Iron Mountain, Michigan

July 8, 2005

MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)

Our discussion and analysis of the City of Roseville Housing Commission's financial performance provides an overview of the financial activities for the year ended March 31, 2005. Please read it in conjunction with the Commission's financial statements, which begin on page 9.

FINANCIAL HIGHLIGHTS

- The Commission's net assets were reported for the first time under GASB 34. As such, no comparisons with prior years will be made. In future years, comparative information will be presented in various schedules throughout the MD&A. Net assets for the entire Commission were reported at \$6,314,479.
- During the year, the Commission's operating revenues totaled \$3,048,956, or 9.9% of total revenues, while operating expenses totaled \$2,911,244 or 98.8% of total expenses.

USING THIS REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets, Statement of Activities and the Statement of Revenues, Expenses and Change in Net Assets (on pages 9 to 11) provide information about the activities of the Commission as a whole and present a longer-term view of the Commission's finances.

REPORTING THE COMMISSION AS A WHOLE

Our analysis of the Commission as a whole begins on page 9. One of the most important questions asked about the Commission's finances is "Is the Commission, as a whole, better off or worse off as a result of the year's activities?" The Statement of Net Assets, Statement of Activities and the Statement of Revenues, Expenses, and Change in Net Assets report information about the Commission as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the Commission's *net assets* and changes in them. You can think of the Commission's net assets – the difference between assets and liabilities – as one way to measure the Commission's financial health, or *financial position*. Over time, *increases or decreases* in the Commission's net assets are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the population of low income and elderly individuals.

In the Statement of Net Assets, Statement of Activities and the Statement of Revenues, Expenses, and Change in Net Assets, the Commission's activities are reported as business-type activities:

- Business-type activities – The Commission charges rent to tenants to help it cover all or most of the costs of services it provides.

REPORTING THE COMMISSION'S MOST SIGNIFICANT FUNDS

Our analysis of the Commission's major activities begins on page 9. The financial statements provide detailed information on all of the Commission's activities. The Commission uses proprietary funds to account for its activities. The method of accounting for proprietary funds is explained below.

- *Proprietary funds* – The Commission charges tenants rent for the housing services it provides and these services are reported in a proprietary fund. Proprietary funds are reported in the same way for its activities and are reported in the Statement of Net Assets and the Statement of Revenues, Expenses, and Change in Net Assets.

THE COMMISSION AS A WHOLE

The Commission's combined net assets at March 31, 2005 increased \$132,521 from March 31, 2004.

Table 1

NET ASSETS

Assets	
Current and other assets	\$ 3,974,953
Capital assets (net)	<u>3,371,585</u>
Total assets	<u>7,346,538</u>
Liabilities	
Current liabilities	511,114
Noncurrent liabilities	<u>520,945</u>
Total liabilities	<u>1,032,059</u>
Net Assets	
Invested in capital assets, net of related debt	2,696,585
Unrestricted net assets	<u>3,617,894</u>
Net Assets	<u>\$ 6,314,479</u>

Net assets of the Commission stood at \$6,314,479. Unrestricted net business assets were \$3,617,894. In general, the Commission's unrestricted net assets are used to fund operations of the Commission.

Table 2

CHANGE IN NET ASSETS

Revenues:

Program revenues:	
Charges for services	\$ 710,034
Program grants and subsidies	2,324,345
General revenues:	
Unrestricted investment earnings	30,200
Other income	<u>14,577</u>
Total revenues	<u>3,079,156</u>

Program Expenses:

Operating expenses	2,911,244
Interest expense	<u>35,391</u>
Total expenses	<u>2,946,635</u>

Change in net assets 132,521

**Net assets – beginning
of period**

6,181,958

**Net assets – end
of period**

\$6,314,479

BUSINESS-TYPE ACTIVITIES

Revenues for the Commission totaled \$3,079,156. The Commission's average unit months leased on a monthly basis had decreased during the current year. In addition, HUD operating funds and capital funding grants had increased during the current year. The Commission depends on HUD operating and capital grants to assist in covering its operating expenses.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2005, the Commission had \$8,131,298 invested in a variety of capital assets including land, equipment and buildings as follows:

Table 3

CAPITAL ASSETS AT MARCH 31, 2005 Business – Type Activity

Land and improvements	\$ 368,360
Buildings and improvements	7,432,975
Equipment	<u>329,963</u>
Total cost	8,131,298
Less accumulated depreciation	<u>(4,759,713)</u>
NET CAPITAL ASSETS	<u>\$3,371,585</u>

The Commission invested \$210,525 in capital assets during the year ended March 31, 2005.

BONDS PAYABLE

During the year the Commission repaid bonds payable in the amount of \$175,000, representing all long-term liability payments due from the Commission during the year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Commission's appointed officials considered many factors when setting the budget for the fiscal year 2005/2006. The current availability of low income and elderly tenants has been a major contributing factor in establishing the budgeted amounts. In the upcoming year, we do not anticipate any significant change in the occupancy rate and availability of new tenants that will provide any substantial increase in revenues. There continues to be a variety of inflationary cost and expense issues out of the control of the Commission. All of these were taken into consideration during the 2005/2006 budget process.

CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

This financial report is designed to provide the readers with a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Commission's Executive Director, Leonard Schweiteer at 18330 Eastland, Roseville, Michigan 48066, or call 586-778-1360.

CITY OF ROSEVILLE HOUSING COMMISSION

STATEMENT OF NET ASSETS
Proprietary Fund

March 31, 2005

CURRENT ASSETS:

Cash and equivalents	\$ 12,563
Accounts receivable	215,986
Investments	3,708,730
Prepaid expenses	<u>37,674</u>

TOTAL CURRENT ASSETS	<u>3,974,953</u>
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NONCURRENT ASSETS:

Capital assets	8,131,298
Less accumulated depreciation	<u>(4,759,713)</u>

NET CAPITAL ASSETS	<u>3,371,585</u>
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TOTAL ASSETS	<u>\$ 7,346,538</u>
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CURRENT LIABILITIES:

Accounts payable	\$ 12,465
Accrued liabilities	316,410
Compensated absences	7,239
Bonds payable	<u>175,000</u>

TOTAL CURRENT LIABILITIES	<u>511,114</u>
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NONCURRENT LIABILITIES:

Compensated absences	20,945
Bonds payable	<u>500,000</u>

TOTAL NONCURRENT LIABILITIES	<u>520,945</u>
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TOTAL LIABILITIES	<u>1,032,059</u>
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NET ASSETS:

Investment in capital assets, net of related debt	2,696,585
Unrestricted net assets	<u>3,617,894</u>

NET ASSETS	<u>\$ 6,314,479</u>
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The accompanying notes to financial statements are an integral part of this statement.



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CITY OF ROSEVILLE HOUSING COMMISSION

STATEMENT OF ACTIVITIES

For the Year Ended March 31, 2005

FUNCTIONS/PROGRAMS	Program Revenue			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
BUSINESS-TYPE ACTIVITIES:					
Public Housing	\$ 2,946,635	\$ 710,034	\$ 2,324,345	\$ -	\$ 87,744
General revenues:					
Unrestricted investment earnings					30,200
Other					14,577
Total general revenues					44,777
Changes in net assets					132,521
NET ASSETS, beginning of year					6,181,958
NET ASSETS, end of year					6,314,479

The accompanying notes to the financial statements are an integral part of this statement.

CITY OF ROSEVILLE HOUSING COMMISSION

**STATEMENT OF REVENUES, EXPENSES, AND CHANGE
IN NET ASSETS
Proprietary Fund**

For the Year Ended March 31, 2005

OPERATING REVENUES:

Tenant revenue	\$ 710,034
Program grants-subsidies	2,324,345
Other income	<u>14,577</u>

TOTAL OPERATING REVENUES	<u>3,048,956</u>
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OPERATING EXPENSES:

Administration	339,084
Tenant services	8,732
Utilities	203,495
Maintenance	334,122
General	84,147
Housing assistance payments	1,651,657
Depreciation	<u>290,007</u>

TOTAL OPERATING EXPENSES	<u>2,911,244</u>
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OPERATING INCOME	<u>137,712</u>
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OTHER INCOME (EXPENSES):

Interest income	30,200
Interest expense	<u>(35,391)</u>

TOTAL OTHER INCOME (EXPENSES)	<u>(5,191)</u>
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CHANGE IN NET ASSETS	132,521
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NET ASSETS, BEGINNING OF YEAR	<u>6,181,958</u>
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NET ASSETS, END OF YEAR	<u>\$ 6,314,479</u>
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The accompanying notes to financial statements are an integral part of this statement.

CITY OF ROSEVILLE HOUSING COMMISSION

STATEMENT OF CASH FLOWS

Proprietary Fund

For the Year Ended March 31, 2005

OPERATING ACTIVITIES:

Cash received from customers	\$ 709,845
Cash received from grants and subsidies	2,244,368
Cash payments to suppliers for goods and services	(2,098,874)
Cash payments for wages and related benefits	(361,299)
Cash payments for payment in lieu of taxes	(37,426)
Other receipts	<u>14,577</u>

NET CASH PROVIDED FROM OPERATING ACTIVITIES	<u>471,191</u>
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CAPITAL AND RELATED FINANCING ACTIVITIES:

Acquisition of capital assets	(210,525)
Payment of debt principal	(175,000)
Payment of debt interest	<u>(38,782)</u>

NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(424,307)</u>
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INVESTING ACTIVITIES:

Purchase of investments	(95,159)
Investment income	<u>30,200</u>

NET CASH (USED) BY INVESTING ACTIVITIES	<u>(64,959)</u>
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NET (DECREASE) IN CASH AND EQUIVALENTS	(18,075)
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CASH AND EQUIVALENTS, BEGINNING OF YEAR	<u>30,638</u>
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CASH AND EQUIVALENTS, END OF YEAR	<u>\$ 12,563</u>
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**RECONCILIATION OF OPERATING INCOME TO NET
CASH PROVIDED BY OPERATING ACTIVITIES:**

Operating income (loss)	\$ 137,712
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	290,007
Changes in assets and liabilities:	
Decrease (Increase) in receivables	(80,166)
Decrease (Increase) in prepaid expenses	973
Increase (Decrease) in accounts payable	2,104
Increase (Decrease) in accrued liabilities	<u>120,561</u>

NET CASH PROVIDED FROM OPERATING ACTIVITIES	<u>\$ 471,191</u>
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The accompanying notes to financial statements are an integral part of this statement.



CITY OF ROSEVILLE HOUSING COMMISSION

NOTES TO FINANCIAL STATEMENTS

March 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

THE REPORTING ENTITY

The City of Roseville Housing Commission (Commission) was formed by the City of Roseville City Commission under Public Act 18 of 1933 of the State of Michigan. The Commission operates under a Board of Commissioners appointed by the City Council.

The Commission, for financial reporting purposes, includes all of the activities relevant to its operations.

Component Unit

In evaluating how to define the Commission, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP, currently GASB Statement #14, *The Financial Reporting Entity*.

The criteria established by the governmental Accounting Standards Board for determining the various governmental organizations to be include in the reporting entity's financial statements include budget adoption, taxing authority, funding, appointment of the respective governing board, and scope of public service.

Based on the foregoing criteria, it was determined that there are no component units of the City of Roseville Housing Commission, but the Commission is a component unit of the City of Roseville, Michigan.

The accounting policies of the Commission conform to accounting principles generally accepted in the United States of America. The following is a summary of such significant policies.

BASIS OF PRESENTATION

During the year the Commission adopted Governmental Accounting Standards Board (GASB) Statement No. 34, which substantially revised the financial statement presentation as described below.

Government-Wide Financial Statements:

The Statement of Net Assets, Statement of Activities and Statement of Revenues, Expenses and Change in Net Assets display information about the Commission as a whole. They include all business-type activities of the Commission. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.



CITY OF ROSEVILLE HOUSING COMMISSION

NOTES TO FINANCIAL STATEMENTS

March 31, 2005

(Continued)

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF PRESENTATION (Continued)

Proprietary Fund

Proprietary Funds are used to account for operations (a) which are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus:

The government-wide Statement of Net Assets, Statement of Activities and the Statement of Revenues, Expenses and Change in Net Assets are presented using the economic resource measurement focus as defined below.

- a. The Commission utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets, financial position and cash flows. All assets and liabilities, whether current or noncurrent, associated with their activities are reported.

Basis of Accounting:

The Statement of Net Assets, Statement of Activities and Statement of Revenues, Expenses and Change in Net Assets are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

As allowed by GASB Statement No. 20, the Commission's business-type activity follows all GASB pronouncements and FASB Statements and Interpretations that were issued on or after November 30, 1989, except those that conflict with a GASB pronouncement.



CITY OF ROSEVILLE HOUSING COMMISSION

NOTES TO FINANCIAL STATEMENTS

March 31, 2005

(Continued)

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ASSETS, LIABILITIES AND NET ASSETS

- a. Cash and Equivalents – The Commission's cash and cash equivalents as reported in the Statement of Cash Flows and the Statement of Net Assets are considered to be cash on hand, demand deposits and short-term investments with maturities of three months or less.
- b. Receivables – All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.
- c. Due to and Due From Other Programs – Interprogram receivables and payables arise from interprogram transactions and are recorded by all funds affected in the period in which transactions are executed.
- d. Capital Assets – Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as follows:

Buildings and improvements	10-40 years
Furniture and other equipment	5-10 years

The Commission has adopted a capitalization policy for capital assets of \$500 per item.

- e. Compensated Absences - It is the Commission's policy to permit employees to accumulate a limited amount of earned but unused sick leave and vacation days, which will be paid to employees upon separation from the Commission. The cost of vested sick leave and vacation days are recognized as an expense as earned by the employees.
- f. Equity Classification

Government-Wide Statements:

Equity is classified as net assets and displayed in two components:

- 1. Invested in capital assets, net of related debt – Consists of capital assets, net of accumulated depreciation and debt directly related to capital assets.



CITY OF ROSEVILLE HOUSING COMMISSION

NOTES TO FINANCIAL STATEMENTS

March 31, 2005

(Continued)

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ASSETS, LIABILITIES AND NET ASSETS (Continued)

2. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

REVENUES AND EXPENSES

Operating revenues and expenses are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing or investing activities. Expenses are classified by operating and nonoperating and are subclassified by function such as salaries, supplies and contracted services.

OTHER SIGNIFICANT ACCOUNTING POLICIES

Interprogram Activity:

As a general rule, the effect of activity between programs has been eliminated from the government-wide statements.

The transfers of cash between the various Authority programs are reported separately from revenues and expenses as operating transfers in or (out), unless they represent temporary advances that are to be repaid, in which case, they are carried as assets and liabilities of the advancing or borrowing program.

Interprogram receivables and payables are eliminated from the Statement of Net Assets.

Budgets and Budgetary Accounting:

Budgets are adopted on a basis prescribed or permitted by the Department of Housing and Urban Development. All annual appropriations lapse at fiscal year end. The Commission follows these procedures in establishing the budgetary date reflected in the financial statements:

1. The Director submits to the Board a proposed operating budget for the fiscal year commencing on April 1st. The operating budget includes proposed expenses and the means of financing them. Prior to March 31st, the budget is legally adopted by Board resolution.
2. Formal budgetary integration is employed as a management control device during the year.
3. The budget has been amended. Supplemental appropriations were made during the year with the last one approved prior to March 31st.



CITY OF ROSEVILLE HOUSING COMMISSION

NOTES TO FINANCIAL STATEMENTS

March 31, 2005

(Continued)

NOTE B - CASH AND INVESTMENTS

The Commission maintains segregated cash and investment accounts which are specific to the activity to which they are available.

Cash and equivalents consisted of:

Petty cash	\$ 400
Cash in checkings	<u>12,163</u>
TOTAL	<u>\$12,563</u>

The Commission's cash and equivalents were fully insured at March 31, 2005.

Cash and equivalents are categorized as follows:

Category 1 – Insured or registered, with securities held by the Commission or its agent in the Commission's name.

Category 2 – Uninsured and unregistered, with securities held by the counterparty's trust department.

Category 3 – Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Commission's name.

	<u>Category</u>			<u>Bank Balance</u>
	<u>1</u>	<u>2</u>	<u>3</u>	
Petty cash	\$ 400	\$ -	\$ -	\$ -
Checking accounts	<u>12,163</u>	<u>-</u>	<u>-</u>	<u>16,901</u>
TOTAL	<u>\$12,563</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$16,901</u>

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CITY OF ROSEVILLE HOUSING COMMISSION

NOTES TO FINANCIAL STATEMENTS

March 31, 2005

(Continued)

NOTE B - CASH AND INVESTMENTS (Continued)

STATUTORY AUTHORITY

Michigan law (Act 196 PA 1997) authorizes the Commission to deposit and invest in one or more of the following:

- a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution that is eligible to be a depository of funds belonging to the State under a law or rule of this State or the United States.
- c. Commercial paper rated at time of purchase within the two highest classifications established by not less than two standard rating services and matures not more than 270 days after the date of purchase.
- d. Repurchase agreements consisting of instruments listed in a.
- e. Bankers' acceptance of United States Banks.
- f. Obligations of this State or any of its political subdivisions at the time of purchase are rated as investment grade by not less than one standard rating service.
- g. Mutual funds registered under the investment company act of 1940, Title I of Chapter 686, 54 Stat. 789, 15 U.S.C. 80a-4 to 80a-64, with the authority to purchase investment vehicles that are legal for direct investment by a public corporation.
- h. Obligation described in a. through g. if purchased through an interlocal agreement under the urban cooperation's act of 1967, 1967 (Ex Sess) PA 7, MCL 124.512.
- i. Investment pools organized under the surplus funds investment pool act, 1982 PA 367, 129.111 to 129.118.
- j. The investment pools organized under the local government investment pool act, 1985 PA 121, MCL 129.141 to 129.150.

Michigan law (Section 3, Act 40, PA 1932, as amended) prohibits security in the form of collateral, surety bond, or another form for the deposit of public money.



CITY OF ROSEVILLE HOUSING COMMISSION

NOTES TO FINANCIAL STATEMENTS

March 31, 2005

(Continued)

NOTE B - CASH AND INVESTMENTS (Continued)

INVESTMENTS

Investments are stated at market value.

Investments consisted of a certificates of deposit and were in accordance with State of Michigan Statutes. Those statutes do not mandate that accounts be partially or fully insured or collateralized. Investments are categorized as follows:

Category 1 - Insured or registered, with securities held by the Commission or its agent in the Commission's name.

Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department

Category 3 - Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Commission's name

	<u>Category</u>			<u>Total</u>
	<u>1</u>	<u>2</u>	<u>3</u>	
Certificates of deposit	\$ 46,730	\$ -	\$ -	\$ 46,730
Sweep accounts	<u>3,662,000</u>	<u>-</u>	<u>-</u>	<u>3,662,000</u>
	<u>\$3,708,730</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$3,708,730</u>

The Commission held investments which were uninsured in the amount of \$100,498 at March 31, 2005.

NOTE C - CAPITAL ASSETS

A summary of capital assets as of March 31, 2005 is as follows:

	<u>Balance</u> <u>4-1-04</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>3-31-05</u>
Land and improvements	\$ 368,360	\$ -	\$ -	\$ 368,360
Building and improvements	7,230,895	202,080	-	7,432,975
Equipment	<u>344,214</u>	<u>8,445</u>	<u>(22,696)</u>	<u>329,963</u>
	7,943,469	\$ <u>210,525</u>	<u>\$(22,696)</u>	8,131,298
Accumulated depreciation	<u>(4,492,402)</u>	<u>\$(290,007)</u>	<u>\$ 22,696</u>	<u>(4,759,713)</u>
Net capital assets	<u>\$ 3,451,067</u>			<u>\$ 3,371,585</u>

Depreciation expense for the year was \$290,007.

ANDERSON, TACKMAN
& COMPANY, P.L.C.
CERTIFIED PUBLIC ACCOUNTANTS



CITY OF ROSEVILLE HOUSING COMMISSION

NOTES TO FINANCIAL STATEMENTS

March 31, 2005

(Continued)

NOTE D - RISK MANAGEMENT

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Commission maintains commercial insurance covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Commission. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE E - VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Commission is dependent upon the Department of Housing and Urban Development (HUD) to fund its operations through operating subsidies and capital funding grants. Total operating revenues for the year ended March 31, 2005 totaled \$3,048,956 of which \$2,324,345 or 76.2% was from HUD subsidies and grants.

The operations of the project are subject to rules and regulations of HUD. These rules and regulations are subject to change. Such changes may occur with short notice and could create a lack of funding to pay for operational related costs, including the additional administrative burden to comply with the changes.

NOTE F - PENSION PLAN

The Commission has established a pension plan of which the commission contributes a percentage of qualified wages. To be eligible, an employee must have twelve continuous months of service. The Commission contributions to the Plan during the year amounted to \$42,000.

NOTE G - CHANGES IN LONG-TERM OBLIGATIONS

During the year ended March 31, 2005, the following changes occurred in long-term obligations.

	<u>Balance</u> <u>April 1, 2004</u>	<u>Additions</u>	<u>Repayments</u>	<u>Balance</u> <u>March 31, 2005</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Bonds Payable	\$850,000	\$ -	\$(175,000)	\$675,000	\$175,000
Compensated Absences	<u>25,204</u>	<u>2,980</u>	<u>-</u>	<u>28,184</u>	<u>7,239</u>
Total	<u>\$875,204</u>	<u>\$ 2,980</u>	<u>\$(175,000)</u>	<u>\$703,184</u>	<u>\$182,239</u>

ANDERSON, TACKMAN
& COMPANY, P.L.C.
CERTIFIED PUBLIC ACCOUNTANTS



CITY OF ROSEVILLE HOUSING COMMISSION

NOTES TO FINANCIAL STATEMENTS

March 31, 2005

(Continued)

NOTE H – LONG-TERM OBLIGATIONS

Long-term obligations at March 31, 2005 is comprised of the following amounts:

1. 1993 refunding bonds due in semi-annual installments of \$ with interest from 2.5% to 5.25% . Matures May 1, 2008.	\$675,000
2. Vested sick and vacation pay.	<u>28,184</u>
Total long-term obligations	<u>\$703,184</u>

The annual requirements of long-term obligations outstanding as of March 31, 2005 are as follows:

<u>Year Ended</u> <u>March 31</u>	<u>Bonds Payable</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2006	\$175,000	\$30,406	\$205,406
2007	175,000	21,656	196,656
2008	175,000	12,469	187,469
2009	<u>150,000</u>	<u>3,938</u>	<u>153,938</u>
TOTAL	<u>\$675,000</u>	<u>\$68,469</u>	<u>\$743,469</u>

Interest charged to expenses totaled \$35,391.

NOTE I - USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.





**SUPPLEMENTAL
INFORMATION**



ANDERSON, TACKMAN
& COMPANY, P.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

CITY OF ROSEVILLE HOUSING COMMISSION

FINANCIAL DATA SCHEDULE
Proprietary Fund

March 31, 2005

Line Item #	Account Description	N/C S/R Section 8 Programs	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	TOTAL
ASSETS						
CURRENT ASSETS:						
Cash:						
111	Cash - unrestricted	\$ 6,716	\$ 8,216	\$ (2,369)	\$ -	\$ 12,563
100	Total cash	6,716	8,216	(2,369)	-	12,563
Accounts and notes receivables:						
122	Accounts receivable-HUD other projects	-	-	32,690	183,107	215,797
126	Accounts receivable-Tenants - Dwelling Rents	16	1,356	-	-	1,372
126.1	Allowance for doubtful accounts - Dwelling Rents	(15)	(1,168)	-	-	(1,183)
120	Total receivables, net of allowances for doubtful accounts	1	188	32,690	183,107	215,986
Other current assets:						
131	Investments	2,605,020	785,710	318,000	-	3,708,730
142	Prepaid expenses	18,148	12,918	6,608	-	37,674
144	Interprogram due from	-	183,107	25,200	-	208,307
150	TOTAL CURRENT ASSETS	2,629,885	990,139	380,129	183,107	4,183,260

See accompanying notes to financial statements



ANDERSON, TACKMAN
& COMPANY, P.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

CITY OF ROSEVILLE HOUSING COMMISSION

FINANCIAL DATA SCHEDULE
Proprietary Fund

March 31, 2005

Line Item #	Account Description	N/C S/R Section 8 Programs	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	TOTAL
NONCURRENT ASSETS:						
Fixed assets:						
161	Land	355,000	13,360	-	-	368,360
162	Buildings	3,966,412	1,635,800	-	-	5,602,212
163	Furniture, equipment & machinery - dwellings	73,627	4,786	31,361	24,626	134,400
164	Furniture, equipment & machinery - administration	124,205	17,586	53,772	-	195,563
165	Leasehold improvements	984,515	649,976	37,791	158,481	1,830,763
166	Accumulated depreciation	(2,892,051)	(1,777,286)	(86,858)	(3,518)	(4,759,713)
160	Total fixed assets, net of accumulated depreciation	2,611,708	544,222	36,066	179,589	3,371,585
180	TOTAL NONCURRENT ASSETS	2,611,708	544,222	36,066	179,589	3,371,585
190	TOTAL ASSETS	\$ 5,241,593	\$ 1,534,361	\$ 416,195	\$ 362,696	\$ 7,554,845

See accompanying notes to financial statements



ANDERSON, TACKMAN
& COMPANY, P.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

CITY OF ROSEVILLE HOUSING COMMISSION

FINANCIAL DATA SCHEDULE
Proprietary Fund

March 31, 2005

Line Item #	Account Description	N/C S/R Section 8 Programs	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	TOTAL
<u>LIABILITIES AND NET ASSETS</u>						
LIABILITIES:						
CURRENT LIABILITIES						
312	Accounts payable ≤ 90 days	\$ 10,371	\$ 1,157	\$ 937	\$ -	\$ 12,465
321	Accrued wages / payroll taxes payable	71,709	58,654	65,179	-	195,542
322	Accrued compensated absences - current portion	-	7,239	-	-	7,239
325	Accrued interest payable	14,401	-	-	-	14,401
333	Accounts payable - other government	22,771	16,664	-	-	39,435
341	Tenant security deposits	29,934	23,971	-	-	53,905
342	Deferred revenues	5,960	7,167	-	-	13,127
343	Current portion of long-term debt	175,000	-	-	-	175,000
347	Interprogram due to	25,200	-	-	183,107	208,307
310	TOTAL CURRENT LIABILITIES	<u>355,346</u>	<u>114,852</u>	<u>66,116</u>	<u>183,107</u>	<u>719,421</u>
351	Long-term debt, net of current maturities	500,000	-	-	-	500,000
354	Accrued compensated absences - non current	-	20,945	-	-	20,945
350	TOTAL NONCURRENT LIABILITIES	<u>500,000</u>	<u>20,945</u>	<u>-</u>	<u>-</u>	<u>520,945</u>
300	TOTAL LIABILITIES	<u>855,346</u>	<u>135,797</u>	<u>66,116</u>	<u>183,107</u>	<u>1,240,366</u>

See accompanying notes to financial statements



**ANDERSON, TACKMAN
& COMPANY, P.L.C.**
CERTIFIED PUBLIC ACCOUNTANTS

CITY OF ROSEVILLE HOUSING COMMISSION

**FINANCIAL DATA SCHEDULE
Proprietary Fund**

March 31, 2005

<u>Line Item #</u>	<u>Account Description</u>	<u>N/C S/R Section 8 Programs</u>	<u>Low Rent Public Housing</u>	<u>Housing Choice Vouchers</u>	<u>Public Housing Capital Fund Program</u>	<u>TOTAL</u>
<u>NET ASSETS</u>						
508.1	Investment in capital assets, net of related debt	1,936,708	544,222	36,066	179,589	2,696,585
512.1	Unrestricted net assets	2,449,539	854,342	314,013	-	3,617,894
513	TOTAL NET ASSETS	4,386,247	1,398,564	350,079	179,589	6,314,479
600	TOTAL LIABILITIES AND NET ASSETS	\$ 5,241,593	\$ 1,534,361	\$ 416,195	\$ 362,696	\$ 7,554,845



ANDERSON, TACKMAN
& COMPANY, P.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

CITY OF ROSEVILLE HOUSING COMMISSION

**FINANCIAL DATA SCHEDULE
Proprietary Fund**

For the Year Ended March 31, 2005

Line Item #	Account Description	N/C S/R Section 8 Programs	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	TOTAL
<u>REVENUES</u>						
703	Net tenant rental revenue	\$ 403,163	\$ 296,129	\$ -	\$ -	\$ 699,292
704	Tenant revenue - other	6,739	4,003	-	-	10,742
705	Total tenant revenue	409,902	300,132	-	-	710,034
706	HUD PHA grants	290,884	70,440	1,822,147	-	2,183,471
706.1	Capital grants	-	-	-	140,874	140,874
711	Investment income - unrestricted	22,025	6,027	2,148	-	30,200
714	Fraud recovery	-	-	4,268	-	4,268
715	Other revenue	5,949	4,360	-	-	10,309
700	TOTAL REVENUE	728,760	380,959	1,828,563	140,874	3,079,156
<u>EXPENSES</u>						
Administrative:						
911	Administrative salaries	46,200	35,000	102,835	-	184,035
912	Auditing fees	1,052	800	448	-	2,300
914	Compensated absences	-	2,980	-	-	2,980
915	Employee benefit contributions- administrative	16,862	14,700	55,241	-	86,803
916	Other operating- administrative	25,006	14,252	23,708	-	62,966
	Total Administrative	89,120	67,732	182,232	-	339,084

See accompanying notes to financial statements



ANDERSON, TACKMAN
& COMPANY, P.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

CITY OF ROSEVILLE HOUSING COMMISSION

**FINANCIAL DATA SCHEDULE
Proprietary Fund**

For the Year Ended March 31, 2005

Line Item #	Account Description	N/C S/R Section 8 Programs	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	TOTAL
Tenant services:						
924	Tenant services - other	4,698	4,034	-	-	8,732
Utilities:						
931	Water	19,345	19,395	-	-	38,740
932	Electricity	61,742	61,404	-	-	123,146
933	Gas	35,982	5,627	-	-	41,609
	Total Utilities	117,069	86,426	-	-	203,495
Maintenance:						
941	Ordinary maintenance and operations - labor	80,873	65,252	-	-	146,125
942	Ordinary maintenance and operations - materials & other	24,932	17,281	-	-	42,213
943	Ordinary maintenance and operations - contract costs	57,579	30,927	-	-	88,506
945	Employee benefit contributions- ordinary maintenance	29,978	27,300	-	-	57,278
	Total Maintenance	193,362	140,760	-	-	334,122

See accompanying notes to financial statements



**ANDERSON, TACKMAN
& COMPANY, P.L.C.**
CERTIFIED PUBLIC ACCOUNTANTS

CITY OF ROSEVILLE HOUSING COMMISSION

**FINANCIAL DATA SCHEDULE
Proprietary Fund**

For the Year Ended March 31, 2005

<u>Line Item #</u>	<u>Account Description</u>	<u>N/C S/R Section 8 Programs</u>	<u>Low Rent Public Housing</u>	<u>Housing Choice Vouchers</u>	<u>Public Housing Capital Fund Program</u>	<u>TOTAL</u>
General expenses:						
961	Insurance premiums	20,655	15,428	7,300	-	43,383
963	Payments in lieu of taxes	22,771	16,664	-	-	39,435
964	Bad debt - tenant rents	(30)	1,359	-	-	1,329
967	Interest expense	35,391	-	-	-	35,391
	Total General Expenses	78,787	33,451	7,300	-	119,538
969	TOTAL OPERATING EXPENSES	483,036	332,403	189,532	-	1,004,971
970	EXCESS OPERATING REVENUE OVER OPERATING EXPENSES	245,724	48,556	1,639,031	140,874	2,074,185
973	Housing assistance payments	-	-	1,651,657	-	1,651,657
974	Depreciation expense	196,163	80,596	9,730	3,518	290,007
900	TOTAL EXPENSES	679,199	412,999	1,850,919	3,518	2,946,635

See accompanying notes to financial statements



ANDERSON, TACKMAN
& COMPANY, P.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

CITY OF ROSEVILLE HOUSING COMMISSION

**FINANCIAL DATA SCHEDULE
Proprietary Fund**

For the Year Ended March 31, 2005

Line Item #	Account Description	N/C S/R Section 8 Programs	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	TOTAL
Other financing sources (uses)						
1010	Total other financing sources (uses)	-	-	-	-	-
1000 EXCESS (DEFICIENCY) OF TOTAL REVENUE OVER (UNDER) TOTAL EXPENSES						
		\$ 49,561	\$ (32,040)	\$ (22,356)	\$ 137,356	\$ 132,521
MEMO account information						
1102	Debt principal payments	\$ 175,000	\$ -	\$ -	\$ -	\$ 175,000
1103	Beginning equity	\$ 4,322,976	\$ 1,416,894	\$ 375,168	\$ 42,233	\$ 6,157,271
1104	Prior Period Adjustments, Equity Transfers	\$ 13,710	\$ 13,710	\$ (2,733)	\$ -	\$ 24,687
1113	Maximum Annual Contributions Commitment (Per ACC)	\$ -	\$ -	\$ 1,584,948	\$ -	\$ 1,584,948
1114	Prorata Maximum AC applicable to less than 12 months	\$ -	\$ -	\$ 157,256	\$ -	\$ 157,256
1115	Contingency Reserve, ACC Program Reserve	\$ -	\$ -	\$ 182,987	\$ -	\$ 182,987
1116	Total Annual Contributions Available	\$ -	\$ -	\$ 1,925,191	\$ -	\$ 1,925,191
1120	Unit months available	1,608	1,236	3,708	-	6,552
1121	Number of unit months leased	1,579	1,214	3,621	-	6,414

See accompanying notes to financial statements

CITY OF ROSEVILLE HOUSING COMMISSION

FEDERAL AUDIT REPORTS

For the Year Ended March 31, 2005

**ANDERSON, TACKMAN
& COMPANY, P.L.C.**
CERTIFIED PUBLIC ACCOUNTANTS



CITY OF ROSEVILLE HOUSING COMMISSION

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ANDERSON, TACKMAN
& COMPANY, P.L.C.
CERTIFIED PUBLIC ACCOUNTANTS



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Commissioners
City of Roseville Housing Commission
Roseville, Michigan

We have audited the financial statements of the business-type activities of the City of Roseville Housing Commission, component unit of the City of Roseville, Michigan, as of and for the year ended March 31, 2005, which collectively comprise the City of Roseville Housing Commission's basic financial statements and have issued our report thereon dated July 8, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Roseville Housing Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Roseville Housing Commission's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the City of Roseville Housing Commission in a separate letter dated July 8, 2005.

This report is intended solely for the information of the Board of Commissioners, management and the Department of Housing and Urban Development and is not intended to be and should not be used by anyone other than those specified parties.

Anderson, Tackman & Co. P.C.

ANDERSON, TACKMAN & COMPANY, P.L.C.
Certified Public Accountants
Iron Mountain, Michigan

July 8, 2005

ANDERSON, TACKMAN
& COMPANY, P.L.C.
CERTIFIED PUBLIC ACCOUNTANTS



**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133**

Board of Commissioners
City of Roseville Housing Commission
Roseville, Michigan

Compliance

We have audited the compliance of City of Roseville Housing Commission, component unit of the City of Roseville, Michigan, with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" that are applicable to each of its major federal programs for the year ended March 31, 2005. City of Roseville Housing Commission's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of City of Roseville Housing Commission's management. Our responsibility is to express an opinion on City of Roseville Housing Commission's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Roseville Housing Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on City of Roseville Housing Commission's compliance with those requirements.

In our opinion City of Roseville Housing Commission complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended March 31, 2005.

Internal Control Over Compliance

The management of City of Roseville Housing Commission is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered City of Roseville Housing Commission's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

ANDERSON, TACKMAN
& COMPANY, P.L.C.
CERTIFIED PUBLIC ACCOUNTANTS



**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133**

(Continued)

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants, that would be material in relation to a major federal program being audited, may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



ANDERSON, TACKMAN & COMPANY, PLC
Certified Public Accountants
Iron Mountain, Michigan

July 8, 2005

ANDERSON, TACKMAN
& COMPANY, P.L.C.
CERTIFIED PUBLIC ACCOUNTANTS



CITY OF ROSEVILLE HOUSING COMMISSION

For the Year Ended March 31, 2005

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

<u>Federal Grantor/Pass Through Grantor</u>	<u>CFDA Number</u>	<u>Federal Award Amount</u>	<u>3-31-05 Federal Expenditures</u>
Operating Subsidy	14.850	\$ <u>70,440</u>	\$ <u>70,440</u>
Section 8 Rental Voucher	14.871	\$ <u>1,822,147</u>	\$ <u>1,822,147</u>
Section 8 New Construction	14.182	\$ <u>290,884</u>	\$ <u>290,884</u>
Capital Funding	14.872	\$ <u>140,874</u>	\$ <u>140,874</u>
Total Department of Housing and Urban Development			\$ <u>2,324,345</u>
TOTAL FEDERAL EXPENDITURES			\$ <u>2,324,345</u>

ANDERSON, TACKMAN
& COMPANY, P.L.C.
CERTIFIED PUBLIC ACCOUNTANTS



See accompanying notes to the schedule of expenditures of federal awards.

CITY OF ROSEVILLE HOUSING COMMISSION

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended March 31, 2005

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards includes the federal grant activity of City of Roseville Housing Commission and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

NOTE B - COST REPORTS

Management has reported the expenditures in the Schedule of Expenditures of Federal Awards equal to those amounts reported in the modernization cost reports.

ANDERSON, TACKMAN
& COMPANY, P.L.C.
CERTIFIED PUBLIC ACCOUNTANTS



CITY OF ROSEVILLE HOUSING COMMISSION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended March 31, 2005

A. SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unqualified opinion of the general purpose financial statements of the City of Roseville Housing Commission.
2. There were no reportable conditions relating to the audit of the general purpose financial statements.
3. There were no instances of noncompliance material to the general purpose financial statements of the City of Roseville Housing Commission.
4. There were no reportable conditions relating to the audit of the major federal award programs as reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major federal award programs for the City of Roseville Housing Commission expresses an unqualified opinion.
6. There were no audit findings relative to the major federal award programs for the City of Roseville Housing Commission.
7. The programs tested as major programs included:
 - A. Section 8 Housing Vouchers – CFDA 14.871
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. City of Roseville Housing Commission was determined to be a low-risk auditee.

B. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

1. There were no findings or questioned costs.

C. PRIOR FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

1. There were no prior findings or questioned costs.

**ANDERSON, TACKMAN
& COMPANY, P.L.C.**
CERTIFIED PUBLIC ACCOUNTANTS

